GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:642
ANSWERED ON:11.11.2010
ADHOC PACKAGE FOR FUEL LOSSES TO OIL COMPANIES
Patil Shri Sanjay Dina

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Union Government has agreed to provide Rs.10,000 crore to three companies Indian Oil Company, Bharat Petroleum Corporation Ltd., and Hindustan Petroleum Corporation Ltd., as an adhoc package from the Union Government to partially compensate fuel losses;

(b) if so, the details thereof;

(c) whether these companies have run up losses of around Rs.31,000 crores in April-September, 2010 period;

(d) if so, whether these companies are running still on losses;

(e) whether they are demanded more compensation from the Government from the second half of the fiscal; and

(f) if so, the details thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI JITIN PRASADA)

(a)to(f): During the period April−September 2010, the Public Sector Oil Marketing Companies (OMCs) namely, Indian Oil Corporation Limited (IOCL), Bharat Petroleum Corporation Limited (BPCL) and Hindustan Petroleum Corporation Limited (HPCL) have incurred under-recoveries of 31,367 crore on the sale of sensitive petroleum products. Of this, the under-recoveries of 10,456 crore have been compensated by the public sector upstream oil companies through price discounts on crude oil and products.

Ministry of Finance was requested by the Ministry of Petroleum and Natural Gas to sanction the budgetary support of 15,683.30 crore towards the under-recoveries of the OMCs for the period April-September 2010. Initially, Ministry of Finance confirmed the budgetary support of 10,000 crore as the share of the Government towards the under-recoveries for the financial year 2010-11. Later, Ministry of Finance, pending finalization of burden sharing mechanism, confirmed an additional budgetary support of 3,000 crore on adhoc basis, as the share of the Government towards under-recoveries for the financial year 2010-11. Based on the refinery gate price effective 01.11.2010, the OMCs are incurring under-recovery of `2.62/litre in Diesel, 15.71/litre in PDS Kerosene and 209.94/Cylinder in Domestic LPG.